MICROSOFT CORPORATION A

v.

CONQUEST COMPUTER CENTRE SDN BHD

HIGH COURT MALAYA, KUALA LUMPUR B
UMI KALTHUM ABD MAJID J
[CIVIL SUIT NO: 22IP-40-09-2012]
20 FEBRUARY 2014

INTELLECTUAL PROPERTY: *Copyright - Infringement of - Sale of personal computer with hard disc loaded with infringing software - Reproduction and marketing of pirated copies of computer software - Whether there was infringement of copyright - Whether personal computer sold with software with authority, licence or consent of registered owner of copyright - Whether software installed into personal computer was trial version - Whether perpetrator of infringement entitled to use free trial version - Copyright Act 1987, ss. 26(2), 26(4)(a)* C D

CIVIL PROCEDURE: *Injunction - Application for - Infringement of copyright - Sale of personal computer with hard disc loaded with infringing software - Reproduction and marketing of pirated copies of computer software - Whether personal computer sold with software with authority, licence or consent of registered owner of copyright - Whether infringement proven - Whether injunction ought to be allowed* E

The plaintiff, an American company, was involved in designing, producing, marketing and supporting a wide range of company-related products and was the copyright owner of a wide range of computer-related products, including software and programs. The defendant was a Malaysian company which carried out the business of trading in and service of computers, computer software and their related products. Dispute ensued when the defendant sold a personal computer ('PC') which was hard disc-loaded with Microsoft Windows 7 Home Premium ('the work'). The plaintiff claimed that the defendant sold PCs, which were pre-installed with the plaintiff's software, without the plaintiff's licence or consent and without providing the paraphernalia that must be given to the purchaser upon any PC being sold with the plaintiff's software pre-installed in the hard disc of the computer. The plaintiff submitted that the defendant had infringed the plaintiff's copyright in the work and further works by re-producing and marketing pirated copies of the plaintiff's computer software. In defence, the F G H I

defendant denied infringing the plaintiff's copyright and argued that there was a 'trial version' of the work where there was a period of time when the software could be used for free. In the present claim, the plaintiff sought, *inter alia*, (i) an injunction against the defendant and its agents, preventing it from infringing the plaintiff's copyright of the work; (ii) an order ordering the defendant to deliver up to the plaintiff, all infringing copies of the work and further works being in the possession, care and control of the defendant; and (iii) damages. The issues that arose for the court's determination were (i) whether the plaintiff was the owner of the copyright in the work; (ii) whether the defendant infringed the plaintiff's copyright by selling the PC without the authority, licence or consent of the plaintiff; and (iii) whether the work installed into the PC was a trial version.

Held (allowing claim with costs):

(1) By virtue of s. 26(4)(a) of the Copyright Act 1987 ('the Act'), the name on a work purporting to be the name of its author shall be considered as such, unless the contrary is proven. The work was authored by the plaintiff's employees and under s. 26(2) of the Act, copyright is deemed to be transferred to the plaintiff. As the plaintiff's name 'Microsoft' was clearly stated on the original CD-ROMs of the work, on the CD-ROMs casing, as well as on the screen of the computer downloaded with the work and as the defendant failed to prove the contrary, the copyright in the work is vested in the plaintiff. (paras 11, 12 & 13)

(2) The plaintiff had established that the defendant had infringed the plaintiff's copyright in the work when it had installed the work in the PC without a licence from the plaintiff. The testimony of an investigator showed that the PC, which was installed with the work, was purchased from the defendant and this was proven by the invoice issued by the defendant. According to the plaintiff's corporate attorney, if one acquires Microsoft software on a computer or a disc or other media, a genuine Microsoft Certificate of Authenticity ('COA') must be affixed to the computer or appear on the manufacturer's or installer's packaging. However, an IT consultant confirmed that the PC was not affixed with a COA and not accompanied by any original Microsoft CD-ROM, manual or end-user licence agreement relating to the work. (paras 23, 26, 28 & 31)

(3) The court dismissed the defendant's contention that it was entitled to use the trial version of the work for free. Any user of the Microsoft software, the work in particular, must pay the licence fee and the defendant had failed to do so. The work installed into the PC was not a trial version and the defendant had hard disc-loaded, installed and re-produced the work into the PC. Therefore, the defendant had infringed the plaintiff's copyright. (paras 40, 41 & 42)

(4) The defendant had infringed and will continue to infringe the plaintiff's copyright in the whole or substantial part of the work by re-producing, in material form of distributing copies to the public without the licence or consent of the plaintiff. The infringement will cause irreparable and incalculable loss and damage to the plaintiff's business, reputation and goodwill and standing in the computer business in Malaysia. Therefore, the court allowed injunctive relief sought by the plaintiff in respect of the work and imposed the sum of RM200,000 as exemplary damages payable by the defendant to the plaintiff (paras 43 & 46)

Case(s) referred to:

Bank Bumiputra Malaysia Bhd v. Emas Bestari Sdn Bhd & Anor and Another Appeal [2014] 1 CLJ 316 CA ***(refd)***

Creative Purpose Sdn Bhd & Anor v. Integrated Trans Corporation Sdn Bhd & 2 Ors [1997] 2 CLJ Supp 107 HC ***(refd)***

Gnanasegaran Pararajasingam v. PP [1997] 4 CLJ 6 CA ***(refd)***

Hanafi Mat Hassan v. PP [2006] 3 CLJ 269 CA ***(refd)***

Microsoft Corporation v. Yong Wai Hong [2008] 6 CLJ 223 CA ***(refd)***

Rookes v. Barnard And Others [1964] AC 1129 ***(refd)***

Legislation referred to:

Copyright Act 1987, ss. 3, 7(1), (3), 13(1), 26(2), (4)(a), 36(1), 42(1)(a)(iii)

Copyright (Application to Other Countries) Regulations 1990, regs. 2, 3(a), (f)

Evidence Act 1950, ss. 90A(1), (2), (3)(b), 90B

Rules of Court 2012, O. 14

Specific Relief Act 1950, ss. 51(2), 52(3)

Stamp Act 1949, ss. 4(1), 52

For the plaintiff - Kenneth St James (SY Wong with him); M/s Michael Chai & Co

For the defendant - Russel Lua Kok Hiyong (Mohd Ali Redha with him); M/s Lua & Mansor

Reported by Najib Tamby

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JUDGMENT

Umi Kalthum Abd Majid J:

The Claim

B **[1]** The plaintiff's claim against the defendant is in the main for:

1.1 an injunction against the defendant, its agents etc. preventing it from infringing the plaintiff's copyright in the artistic works in the form of computer programs Microsoft Office Starter 2010 and Microsoft Window 7 Home Premium ("the works"), as well as the various versions/ programs of the plaintiff as listed in Schedule 1 to the statement of claim ("further works") by various means;

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D 1.2 an order ordering the defendant within seven days from the date of service of the judgment to the defendant to deliver up to the plaintiff all infringing copies of the works and further works being in the possession, care and control of the defendant;

E 1.3 an order for the assessment of damages in respect of copyright infringement or for the account of profits to be paid by the defendant to the plaintiff and to be conducted by the Court Registrar;

F 1.4 general damages, aggravated damages and or exemplary damages;

1.5 interests.

Facts

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[2] The plaintiff is globally recognised and renowned company involved in designing, producing, marketing and supporting a wide range of company related products. It is a company incorporated under the laws of the State of Washington, United States of H America. It is the copyright owner of a wide range of computer related products, including software/programs.

[3] The defendant is a company incorporated under the Companies Act 1965 of Malaysia. It carries out the business of I trading in and service of computers, computer software and their related products.

[4] On or about 6 April 2012, the defendant sold a personal computer which was hard disc-loaded with Microsoft Windows 7 Home Premium ("the work"). The personal computer sold is an Acer Aspire 4752 Model laptop bearing the Serial No. LXRTHOCO19208125B76600 ("the PC") and sold for the sum of RM1,499. The sale of the PC was accompanied by the Defendant's Invoice No. 12076 dated 6 April 2012, which was issued by the defendant.

Plaintiff's Case

[5] The plaintiff instituted this action against the defendant for infringing the plaintiff's copyright in the works and the further works by reproducing and marketing pirated copies of the plaintiff's computer software. The plaintiff alleged that the defendant sold personal computers, in particular the PC, which were pre-installed with the plaintiff's software without the plaintiff's licence or consent and without providing the original and licensed software in CD-ROMs/discs, the end-user licence agreements, manuals, product registration cards and Certificates of Authenticity ("CA"), which must be given to the purchaser upon any personal computer being sold with the plaintiff's software pre-installed in the hard-disc of the computer.

Defendant's Case

[6] The defendants denied infringing the plaintiff's copyright in the works and further works. The defendant also challenged the plaintiff's ownership of the copyright in the Home Premium/the work.

[7] The defendant contended that there is a "trial version" of the Home Premium/the work where there is a period of time when the software can be used for free.

Issues

[8] The agreed issues to be tried are as follows:

8.1.1 whether the plaintiff is the owner of the copyright in the work;

8.1.2 whether the defendant had, on or about 6 April 2012, without the authority, licence or consent of the plaintiff, wrongfully or illegally sold the PC and accompanied by the defendant's Invoice No. 12076 dated 6 April 2012,

A which was hard disc-loaded with the work, had reproduced or distributed the work, and by doing so, had infringed the plaintiff's copyright;

8.1.3 whether the Home Premium/the work installed into the B PC through the defendant's employees, agents or workers, on 6 April 2012, is a "trial version";

8.1.4 if yes, whether the defendant had by hard-disc loading, installing, reproducing or distributing the alleged "trial version" of the Home Premium, and by doing so, had C infringed the plaintiff's copyright.

8.2 From the outset, parties seemed to focus their minds mainly on the existence/non-existence etc. of copyright in the Home Premium/the work even though the plaintiff's D statement of claim relate to a wide ranging number of programs/softwares of the plaintiff. I therefore will focus on the subject matter of the Home Premium/the work and regard the plaintiff as not wishing to proceed with its claim against the defendant in respect of the other E works.

Whether The Plaintiff Is The Owner Of The Copyright In The Work

F **[9]** Before this issue can be answered one needs to ask whether a computer program is eligible for copyright in the first place. In the definition of "literary work" in s. 3 of the Copyright Act 1987 ("the Act"), "computer programs" has been listed in para. (h) as one. Therefore by virtue of s. 7(1) of the Act, computer program, being a literary work, is eligible for copyright. However, under G s. 7(3) it is stipulated that a literary work "shall not be eligible for copyright unless:

(a) sufficient effort has been expended to make the work original in character; and

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(b) the work has been written down, recorded or otherwise reduced to material form.

"Material form" has been defined in s. 3 as:

I … in relation to a work or a derivative work, includes any form (whether visible or not) of storage from which the work or derivative work, or a substantial part of the work or derivative can be reproduced; …

[10] I agree with the submission of the plaintiff that sufficient effort and skill had been expended by the plaintiff to make the work original in character and that the work had been reduced to material form, that is in the form of computer codes stored in the CD-ROMs/discs that must accompany the legitimate sale of the work. Therefore I rule that copyright subsists in the work. See *Creative Purpose Sdn Bhd & Anor v. Integrated Trans Corporation Sdn Bhd & Ors* [1997] 2 CLJ Supp 107; [1997] 2 AMR 2076.

[11] The work was made by authors who are employees of the plaintiff. According to SP1, who is the plaintiff's corporate attorney, the work was authored by persons who are employees of the plaintiff, and that by virtue of s. 26(2) of the Act, copyright is deemed to be transferred to the plaintiff (p. 18, notes of evidence).

[12] Section 26(4)(a) further provides that "the name on a work purporting to be the name of its author shall be considered as such, unless the contrary is proved". What this means is that once there is a display on the program the name of the person or corporate body, copyright ownership shall vest in that said person or corporate body (see *Creative Purpose Sdn Bhd, supra*).

[13] I agree with the plaintiff's submission that as the plaintiff's name, "Microsoft", is clearly stated on the original CD-ROMs of the work, on the CD-ROMs casing as well as on the screen of the computer downloaded with the work and as the defendant had failed to prove the contrary, the copyright in the work is vested in the plaintiff under s. 26(4) of the Act. Through a series of questions in relation to the plaintiff's copyright ownership of the work during cross-examination, DW1, the defendant's only witness, testified and agreed that Microsoft's name appeared on:

13.1 the box that contains the work – pp. 9-10, B;

13.2 a true copy of the CD containing the work – pp. 13-14, B;

13.3 the manual for the work – pp. 18-33, B;

13.4 the screenshot of the work contained in the Computer Examination Report – p. 70, B;

13.5 the screenshot of the System Information – p. 71, B.

[14] DW1 had also testified and agreed during cross-examination that Microsoft is the copyright owner of the work (p. 42, notes of evidence) when he stated as follows:

> Q: Do you accept Microsoft is the copyright owner of the software Microsoft Windows 7 Home Premium?
>
> A: Yes.
>
> …
>
> Q: Would you agree that the copyright in Windows 7 Premium is owned by Microsoft?
>
> A: Yes.

In this context, I reject SD1's attempt to resile from his testimony during cross-examination when he stated that, (during re-examination, p. 60, notes of evidence) in answer to the defendant's counsel's question as to why he stated Microsoft is the owner of the program:

> A: I also don't know because yesterday Plaintiff's lawyer ask me so many questions about this package and direct me to look at the Microsoft word there then only I answered yes.

SD1's answer was clearly extracted by the defendant's counsel's question when it referred SD1 as having been "directed to the name of Microsoft appearing" on pp. 9-30, B during cross-examination, whereas SD1's answers during cross-examination as quoted above were given freely by SD1.

[15] Further, s. 42 of the Act provides as follows:

> Affidavit admissible in evidence
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> 42. (1) An affidavit … or statutory declaration made … on behalf of any person claiming to be:
>
> (a) the owner of the copyright in any works eligible for copyright under this Act stating that:
>
> (i) at the time specified herein copyright subsisted in such work;
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> (ii) … the person named therein is the owner of the copyright; and
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> (iii) a copy of the work annexed thereto is the true copy thereof; …

> shall be admissible in evidence any proceedings under this Act and shall be *prima facie* evidence of the facts contained therein.
>
> (2) Any person who is authorized to act on behalf of the owner of the copyright … for the purposes of subsection (1) shall be required to produce such authorization in writing.

[16] The plaintiff had tendered both an affidavit as well as a statutory declaration as *prima facie* evidence of its copyright ownership. The affidavit was by SP1 affirmed on 9 November 2012 (pp. 1-100, D) which was tendered during an O. 14 summary judgment application. Of more relevance to these proceedings is the statutory declaration dated 5 November 2012 which was also made by SP1 and found in pp. 47-57 of bundle B. The plaintiff had also given to SP1 a power of attorney (pp. 1-4, B) which was registered at the High Court in Malaya at Kuala Lumpur *vide* Registration No. 30979/02 on 7 May 2002 ("the PA"). The PA had authorised SP1 to, amongst other things, give evidence in court on behalf of the plaintiff in relation to the ownership of plaintiff's copyright in Malaysia. The plaintiff had produced the original and thereafter tendered a true copy of the work pursuant to s. 42(1)(a)(iii) of the Act. Based on the contents of the PA. I am of the view that the PA had empowered SP1 to make the said statutory declaration as well as the affidavit and to claim copyright ownership on behalf of the plaintiff.

[17] As for the defendant's challenge on the admissibility of the said statutory declaration on the basis that it was not stamped, I find this challenge had no basis. This is because s. 4(1) of the Stamp Act 1949 ("the Stamp Act") provides that:

> 4(1) Subject to this Act and subject to the exemptions contained in this Act and in any written law for the time being in force, the several instruments specific in the First Schedule shall, from and after the commencement of this Act, be chargeable with the several duties specific in such Schedule.

Item 2 of the First Schedule provides for "AFFIDAVIT, STATUTORY DECLARATION OR DECLARATION IN WRITING on oath or affirmation, made before a person authorized by law to administer an oath" where the stamp duty has been fixed at RM10. However, item 2 also contains exemptions from its application and the relevant one to this case is exemption (i) which states as follows:

A Exemptions

Affidavit or Declaration in writing made –

(i) for the immediate purpose of being filed or used in any court or before any Judge or Officer of any court;

B

…

As the said statutory declaration was made for the immediate purpose of being filed and used before this court in respect of this copyright infringement action against the defendant, I find that C exemption (i) of item 2 of the First Schedule to the Stamp Act applies to the said statutory declaration and the said statutory declaration is exempted from stamp duty and is therefore admissible. In the circumstances, the provisions of s. 52 of the Stamp Act do not apply to the said statutory declaration.

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[18] Since the statutory declaration is admissible, it therefore constitutes *prima facie* evidence of the facts contained therein, amongst others as follows:

E 3. Microsoft has, through its employees and in the course of their employment and/or by way of commissioned authors … at all material times created various versions of all the works as specified in Schedule 1 (hereinafter shall be referred to as "the Works").

F 4. I am advised and verily believe that sufficient skill and effort had been expended on the works by the authors to make them original in character and the Works been reduced to material form.

5. The Works were made or crated by the authors in the G United States of America. I am advised and verily believe that by virtue of the Copyright Act, 1987 and the Copyright (Application to other Countries) Regulations 1990), copyright subsists in the Works in Malaysia as Malaysia and the United States of America are members of the Borne Convention for the Protection of Literary & Artistic Works H 1886.

6. I have also been advised and verily believe that by virtue of the facts deposed to hereinbefore in paragraph 3 and pursuant to Section 26(2)(a) and (b) of the Copyright Act, I 1987, the copyright subsisting in the Works is deemed to have been transferred to Microsoft. As such, Microsoft is entitled to claim copyright in the Works and hereby claims ownership in the same.

[19] As the said statutory declaration provides the *prima facie* proof of the fact of the plaintiff's ownership of the copyright over the work in question, it is for the defendant to disprove that ownership by showing that some other person is the true owner of the copyright in the work (see *Microsoft Corporation v. Yong Wai Hong* [2008] 6 CLJ 223; [2008] 3 MLJ 309). This the defendant had failed to do.

[20] Reference is also made to the provisions of the Copyright (Application to Other Countries) Regulations 1990 (PU(A)314/1990) ("the Regulations"), in particular reg. 3(a), (f), which provides that:

> 3. Subject to these Regulations, the provisions of the Act shall apply in relation to:
>
> (a) **literary,** musical or artistic **works…first published in the respective specified countries** as they apply in relation to literary, musical or artistic works…first published in Malaysia;
>
> …
>
> (f) bodies corporate incorporated under the laws of the respective specified countries as they apply in relation to bodies corporate established in Malaysia and constituted or vested legal personality under the laws of Malaysia.

"Specified countries" has been defined under reg. 2 as –

> … means the countries which are members of the Berne Convention;

whilst "Berne Convention" has been defined as:

> … means the Berne Convention for the Protection of Literary and Artistic Works 1986 and shall include all acts, protocols and revisions thereto;

I take note that Malaysia and the United States of America are members of the Berne Convention based on the list of countries who are members of the Berne Convention (plaintiff's BOA, Tab 11).

[21] Based on all the above, I find that the plaintiff is the copyright owner of the work, is a company incorporated in the United States of America and by virtue of the Act and the

regulations, the plaintiff had established its copyright ownership in the work in Malaysia and its copyright is protected by the laws of Malaysia.

Whether The Defendant Has Infringed The Plaintiff's Copyright In The Work

[22] Section 13(1) of the Act provides for the nature of copyright protection in the work, amongst others, as follows:

> 13(1) Copyright in a literary … work … shall be the exclusive right to control in Malaysia –
>
> (a) the reproduction in any material form;
>
> …
>
> (e) the distribution of copies to the public by sale or other transfer of ownership…
>
> of the whole work or a substantial part thereof …

Section 36(1) of the Act provides that:

> 36(1) Copyright is infringed by any person who does, or causes any other person to do, without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under this Act.

Section 3 defines "reproduction" as:

> … means the making of one or more copies of a work in any form or version …

In order to prove that the defendant had infringed the plaintiff's copyright in the work, the plaintiff adduced the evidence *vide* the testimonies of SP2, SP3 and SP1 whose testimonies had in part been corroborated by the defendant's witness testimony SD1.

[23] SP2 is a licensed investigator working in a licensed investigation company called Maxguard Security & Service Sdn Bhd ("Maxguard"). She received instructions from Maxguard to purchase a computer from the defendant's company. She testified that (Q&A 6, 7, 10, P2):

> 23.1. on 6.4.2012 she went to the defendant's premises together with one Nabil Hj. Ghazali, at Units 31,32 and 33, Digital Centre Sunway Pyramid, F.2.39(B), 1st Floor, Bandar Sunway, 46150, Petaling Jaya. They were acting like a couple;

23.2. upon arrival at the defendant's premises, a sales assistant by the name of Pang approached her. She requested to purchase an Acer laptop;

23.3. Pang suggested an Acer laptop model Aspire 4752 at the price of RM1,499. The laptop he suggested was a free-dos version. While promoting the laptop, Pang said he would be able to install a complete version of Microsoft Windows 7 Home Premium (namely the work) and the original Microsoft Office Starter for free. Pang then said that this is a 'local' Microsoft Window 7 and hence could not be updated online;

23.4. she had agreed to purchase the laptop from the defendant. Pang informed her that he needed 1 ½ hours to complete the installation;

23.5. Pang had also requested for RM100 as a deposit. She paid the deposit. She had observed Pang instructing one of the defendant's employee to complete the installation of the laptop. She observed the employee was using an external hard-drive. She then left the defendant's premises;

23.6. she returned to the defendant's premises after 1 hour. She was told that the laptop was ready. Pang showed her the laptop and turned it on. The laptop booted-up and on the screen was Microsoft Windows 7 Home Premium and Microsoft Office Starter 2010 as promised by Pang;

23.7. she paid the balance payment on RM1,399 to Pang. The defendant issued an Invoice No. 12076 dated 6 April 2012 (p. 58, B) ("the invoice") which showed full payment was made. The laptop (P3A) was packed up into a laptop bag (P3C);

23.8. the defendant did not give her any original CD-ROM/ disc or end-user licence agreement, or Microsoft Manual, or a Certificate of Authenticity for the software installed;

23.9. the invoice was signed by her above the words "Customer Confirmation";

A 23.10. the invoice was made out to "Nurazreen Amira bt. Rosli", which was the name used by her for the said purchase. She used this name and not her real name because it is the nature of her business not to reveal her identity in the course of her duties as a private
B investigator;

23.11. she had identified the laptop (PC) that was purchased from the defendant and marked as P3A, the laptop box P3, the accessories box marked P3B and the back pack
C that came with the PC and marked as P3C;

23.12. it was Pang who handed over the invoice (p. 29, notes of evidence), P3, P3A, P3B and P3C to her;

23.13. she had placed labels on the items P3, P3A, P3B, P3C
D after she had made the purchase and went back to her office to do the labelling and to prepare the reports (p. 26, notes of evidence). The labels were in the form of white stickers that stated the reference number, the outlet she had purchased from on three items, except
E the laptop on which the sticker had the reference number;

23.14. after she had labelled the four items, she sealed the laptop inside the laptop box with normal cellophane tape
F and kept them in the store room. From the time she sealed it to the time she handed over all the four items to the plaintiff's solicitors on 10 April 2012 the seal remained intact;

G 23.15. the image of Pang, the seller, is found at the bottom of p. 73, B, whilst the image of his colleague installing the program is at the top of the same page;

23.16. she prepared her report on p. 72, B where her name was registered as "Dura Mawardee";

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23.17. she denied the defendant's allegation that she went to the defendant's premises with another female investigator.

[24] I have no reason to doubt the testimony of SP2 and I
I accept wholly her testimony as being a truthful and straightforward one.

[25] Moreover, SP2's testimony was corroborated to some extent by the testimony of the defendant's sole witness SD1. SD1 stated that "Ah Pang" was the first person who attended to the "customers" (Q&A 5, D6). SD1 also stated that he had issued the invoice to SP2 and that he had handed over the laptop and the invoice to SP2 (p. 51, notes of evidence) (even thought I note that this evidence contradicted with that of SP2 who stated that it was Pang who handed her the invoice and P3, P3A, P3B and P3C to her). The defendant did not challenge the evidence of SP2 when she stated that the serial number of P3A/PC is LXRTHOCO19208125B76600 and its witness SD1 had admitted to the said serial number of P3A (p. 53-54, notes of evidence). Further, the defendant had agreed in the agreed facts (in encl. 24) at paras. 5 and 6 as follows:

> 5. On or about 6.4.2012, the Defendant sold a personal computer which was hard-disk loaded with Microsoft Window 7 Home Premium. The personal computer sold is an Acer Aspire 4752 Model laptop bearing the serial no. LXRTH019208125B76600 ("the PC"). The PC was sold for the amount of RM 1,499.00.
>
> 6. The sale of the PC on 6.4.2012 was accompanied by the Defendant's Invoice No. 12076 dated 6.4.2012, which was issued by the Defendant.

That being the case, the defendant is now precluded from denying that the PC was purchased by SP2 on 6 April 2012, notwithstanding the fact that in SP2's report on p. 72, B, she did not give better particulars on the PC purchased by her.

[26] Whilst being in the custody of the plaintiff's solicitors, Messrs Michael Chai & Co, SP3 was commissioned by the plaintiff to examine the PC/P3A. SP3 is an IT Consultant whereby he performs audit of computers for his clients. The purpose of the audit is to identify and quantify relevant software products contained in such computers and to report his findings to his clients or other relevant parties as directed. He testified that (Q&A 7, 8, 11, 14, 15, 16, 17, 18, P4; pp. 59-71, B):

> 26.1. he had examined the PC on 19 April 2012 at the premises of the plaintiff's solicitors. His objective was to determine, through inspection and verification whether the PC contained any Microsoft software programs;

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26.2. he had identified the PC/P3A. Before examining the PC, he had labelled the PC as "CCC" (as seen in photograph at p. 46, B);

26.3. his examination, as recorded in his report at pp. 59-71, B, revealed there is a number of Microsoft Software had been installed into the PC which are the work and Microsoft Office Starter 2010 (the Application Software). I note that this fact was not disputed;

26.4. the work was installed on 6 April 2012 at around 3:44:20pm as seen in the screenshot of the systems information on p. 71, B where it states "Original Install Date: 4 June 2012, 3:44:20pm". I note that this fact was not disputed by the defendant when SP3 was recalled to operate the PC to enable SD1 to confirm the information displayed in P3A/PC was correct as found on p. 71, B after looking at P3A/PC (p. 47, notes of evidence);

26.5. the PC was not affixed with a Microsoft Certificate of Authenticity ("COA"), not accompanied by any Microsoft original CD-ROM or DVD-ROM relating to the work or Microsoft Software Manual or end-user licence agreement;

26.6. pursuant to cl. 6 of the Microsoft OEM System Builder Licence Agreement (P5), it the System Builders (who includes the computer dealers) install Microsoft Windows onto the computer, they must affix the COA label onto the computer. P5 is also printed on the Microsoft Windows 7 Home Premium System Builder package (p. 31, notes of evidence);

26.7. before installing the work the dealer must buy the licence from the plaintiff (p. 32, notes of evidence);

26.8. upon the work being installed into the computer there is a statement showing in the computer screen when it is switched on requiring the work "18 days to activate". Even though the program is not activated, the program can still be used by the user. The only difference is that at the bottom right corner of the screen there is a phrase stating "This copy of Windows is not genuine" (pp. 32, 33 notes of evidence);

26.9. he confirmed that "activation" is compulsory by reference to cl. 4 of the EUL (p. 5, E), and they pertain to similar/identical obligations concerning activation under the OEM System Builder Licence Agreement (P5) (p. 34, Notes of Evidence). If the purchaser of the licensed software does not activate the program, the software becomes unlicensed.

[27] I have no reason to doubt the veracity of SP3's testimony and I accept his testimony wholly as being truthful and straightforward. SD1 had also confirmed SP3's testimony on the contents of the screenshot on p. 71, B. I agree with the plaintiff's submission that the defendant had not produced any evidence to prove that the PC/P3A purchased from the defendant had been tampered with. Nor did the defendant produce any evidence to rebut the plaintiff's evidence that the PC purchased had been stored securely within the premises of the plaintiff's solicitors. I therefore dismiss the defendant's allegation that the PC/P3A had been tampered with as being baseless and speculative.

[28] We then have the testimony of SP1 to fortify the plaintiff's case against the defendant on this issue. SP1 is the corporate attorney for the plaintiff. His job functions and duties are to support and coordinate the plaintiff's intellectual property protection matters in South-East Asia since 2001. He testified that:

28.1. pages 3-14, E is the End User Licence Agreement of the plaintiff ("EULA"). Pursuant to paras. 4 and 15 of EULA, the software (the work) has to be properly licensed upon installation and use and must be activated. People may exploit the time period for activation but the EULA does not allow installation and use of the software without the COA affixed or it being a licensed copy. Users must pay the licence fee for the software first before they are entitled to use it, regardless of whether they eventually activate it or not (Q&A 34, P1);

28.2. based on the requirement of para. 15 of the EULA ("a. Genuine Proof of License. If you acquired the software on a computer, or on a disc or other media, a genuine Microsoft COA label with a genuine copy of the software identifies licensed software. To be valid, this label must the affixed to the computer or appear on the manufacturer's or installer's packaging …"), when the

work was downloaded onto the PC/P3A as examined by SP3 it must be accompanied by a COA but as it turned out there was no COA in respect of the Work (p. 10, notes of evidence);

28.3. genuine Microsoft Windows 7 Home Premium must always be accompanied by a COA. If a PC installed with, offered for sale and/or sold without the corresponding COA sticker it is not authorised by the plaintiff and is a breach of the plaintiff's licence in the said software (Q&A 29, A(i), P1);

28.4. the owner of the PC or the notebook must keep the COA sticker on the body of the computer which must be affixed at the time of the installation of the genuine Windows 7 Home Premium. That it is difficult to remove the COA sticker once the COA sticker has been affixed. The sticker is designed not to be removed, but SPI have seen skilled individuals being able to carefully remove the sticker without damage to the sticker (p. 14, notes of evidence);

28.5. if anyone was to peel off the COA sticker affixed to the computer, it automatically makes the said Window 7 Home Premium become unlicensed (p. 17 notes of evidence). This is provided under the license agreement between the Plaintiff and the seller/dealer where it provides there must be a COA affixed on the computer (p. 23, notes of evidence);

28.6. to the question during re-examination as to what did the defendant fail to do in selling the computer to SP2, SD1 stated that the moment the seller/defendant installed the computer software onto the computer the seller/defendant must affix COA onto the computer and when the machine changed hands with the consumer, the seller/defendant must ensure that all necessary documentation that accompany licensed version of the software is delivered to the customer. The "necessary documentation" most likely would be a Microsoft DVD containing the software and some demonstration that includes manuals, sometimes a get-started guide, end-user licence agreement (EULA) and a product registration card (p. 22, notes of evidence);

28.7. the defendant did not affix the COA onto the PC/P3A nor did the defendant hand over to SP2 the necessary documentation such as manual, guide, DVD and EULA (p. 22, notes of evidence).

[29] Once again I find that the evidence of SP1 is credible and I have no reason to doubt its veracity. I therefore accept the evidence of SP1 wholly. More so as it was corroborated by the testimonies of SP2, SP3 and even DW1.

[30] As for the testimony of the defendant's only witness, DW1, he is the shareholder and director of the defendant since 15 December 2005. He has been a Microsoft dealer of softwares for ten years (p. 38, notes of evidence). He stated that:

30.1. he had installed a copy of the work of whatever version he understood it to be on the laptop which he sold to a Malay lady (p. 50, notes of evidence);

30.2. he did not pass the COA to SP2/the purchaser (p. 36, notes of evidence);

30.3. there is a licensing contract between the defendant and the plaintiff for every purchase of the plaintiff's software by the defendant for the purpose of resale (p. 38, notes of evidence);

30.4. he agreed to the suggestion that he did not give the "Malay lady" the corresponding COA when a copy of the work was installed in the laptop which was sold to that Malay lady (p. 50, notes of evidence); he agreed he did not affix the corresponding COA on to the laptop sold to the Malay lady; he agreed he did not give the Malay lady the EUL; he agreed he did not give the Malay lady the CD-ROM or DVD of the software (p. 50, notes of evidence); he agreed he did not give her the Windows 7 manual (p. 51, notes of evidence); he agreed that every COA is meant to be unique; he agreed that every product key is unique; he agreed that a product key is like a serial number for that corresponding licence that is sold; he confirmed that there was no COA stuck to the PC/P3A (p. 51, 53, notes of evidence).

[31] On the strength of the evidence of SP1, SP2, SP3 and as corroborated by the evidence of SD1, I find that the plaintiff was successful in establishing that the defendant had infringed the plaintiff's copyright in the work when it had installed the work in the PC/P3A without a licence from the plaintiff in that there was no COA affixed to P3A.

Whether The Work Installed Into The PC Is A "Trial Version"

[32] Even though SD1 had admitted he had installed a copy of the work into the laptop he had sold to a Malay lady at the material time, he however contended that the work that was installed into the PC/P3A was a "trial version" of the work. As such the defendant had the right to install it and did not infringe the plaintiff's copyright in the work. The defendant relied on the internet print-outs as contained in pp. 77-84 of bundle B to support its contention ("internet print-outs").

[33] The plaintiff had earlier objected to the admissibility of the internet print-outs as the makers of these documents were not called to testify before the court. Further, pp. 77 and 78, B, were screenshots of the results of the search made in Google. The plaintiff submitted that the defendant was trying to get around the evidential rule by filing the certificate under s. 90A of the Evidence Act 1950 ("the Evidence Act") in encl. 43 which was issued by SD1. That in doing so it was wrong application of s. 90A as it would bring about a miscarriage of justice and would turn our evidence law into chaos where, for example, if any document generated by a printer attached to a computer is automatically admitted as evidence simply by virtue of a s. 90A certificate. I had stated earlier that I would rule on this matter at the end of the trial and I do so now.

[34] For ease of reference I reproduce the relevant parts of s. 90A as follows:

> **Admissibility of documents produced by computers, and of statements contained therein**
>
> 90A. (1) In any criminal or civil proceeding *a document produced by a computer, or a statement contained in such document, shall be admissible as evidence of any fact stated therein if the document was produced by the computer in the course of its ordinary use,* whether or not the person tendering the same is the maker of such document or statement.

(2) For the purposes of this section *it may be proved that a document was produced by a computer in the course of its ordinary use by tendering to the court a certificate signed by a person who either before or after the production of the document by the computer is responsible for the management of the operation of that computer,* or for the conduct of the activities for which that computer was used …

(3) (a) …

(b) A certificate given under subsection (2) shall be admissible in evidence as *prima facie* proof of all matters stated in it without proof of signature of the person who gave the certificate … (emphases added.)

[35] It was further submitted for the plaintiff that the internet print-outs were not produced by SD1's computer in the course of its ordinary use as SD1 just printed out the internet print-outs from his computer. That these internet print-outs were not part of the defendant's business.

[36] For the defendant, it was submitted that when the soft copy of a document is reduced into printed form, s. 90A of the Evidence Act allows such a document to be tendered in court provided that the conditions stated in s. 90A are complied with. In this case, SD1 had printed the internet print-outs from his computer which was under his management and had issued a certificate under s. 90A (encl. 43) which was duly served on the plaintiff stating that the internet print-outs were printed by him. Therefore the requirements of s. 90A had been satisfied and that s. 90A certificate had become *prima facie* proof of the contents of the internet print-outs for the defendant. Therefore the internet print-outs were admissible.

[37] After careful perusal of s. 90A(1), (2), (3)(b), and some cases related to s. 90A such as *Gnanasegaran Pararajasingam v. Public Prosecutor* [1997] 4 CLJ 6 CA, *Hanafi Mat Hassan v. PP* [2006] 3 CLJ 269 CA, *Bank Bumiputra Malaysia Bhd v. Emas Bestari Sdn Bhd & Anor and Another Appeal* [2014] 1 CLJ 316, I am inclined to agree with the submissions of the defendant. Sub-sections 90A(1) and (2) make reference to the document being produced by a computer "in the course of its ordinary use"; these subsections did not require the computer producing the document to be used in the course of the business concerned. I therefore accept the defendant's contention that the internet print-outs were produced by SD1's computer "in the course of its ordinary use", and by virtue of SD1's certificate issued under

s. 90A(2), the internet print-outs are admissible. I therefore make the order that SD1's certificate in encl. 43 be marked as "D8", and the internet print-outs be collectively marked as "D9".

[38] It was further contended for the plaintiff that if this court decided that the internet print-outs were admissible, this court ought not give any weight to these internet print-outs and to draw the necessary evidential inference from that internet print-outs as to the manner and purpose of them and their accuracy as provided under s. 90B of the Evidence Act. Section 90B which is relevant provides as follows:

> 90B. In estimating the weight, if any, to be attached to a document, or a statement contained in a document, admitted by virtue of section 90A, the court:
>
> (a) may draw any reasonable inference from circumstances relating to the document or the statement, including the manner and purpose of its creation, or its accuracy or otherwise;
>
> ...

[39] For the defendant, it was argued, amongst other things, that professionals normally consult or refer to books and articles written regarding their fields. Without referring to the professional or technical writing, we cannot develop our knowledge. These articles are writings about technical point that does not make any specific reference to facts in our case. It is not an opinion or views expressed by the authors about our case. It is a neutral statement containing the technical aspect of Window 7.

[40] In as much as the internet print-outs/D9 are *prima facie* proof of their contents I am of the view and I do so find, that the plaintiff was successful in displacing that *prima facie* proof by proving that there is no such thing as a "trial version" of the work. As stated earlier *vis* the evidence of SP1, SP2 and SP3 as well as the documentary evidence adduced by them, the plaintiff had proved that any user of the Microsoft software, the work in particular, must pay the licence fee and that the defendant had failed to do so. In order to understand further the context in which the purported "trial version" was raised by the defendant in the light of the internet print-outs which led him to believe he had not infringed the plaintiff's copyright, and which was refuted by the plaintiff, I quote *in extenso* the relevant evidence of SP1 during re-examination where he confirmed as follows:

Pages 77-84, B referred. "the internet print-out" A

Q: You were cross examined on your Answer 32, P1, what is your testimony regarding these pages?

A: First point I made these appear to be a bunch of internet results of largely unknown and anonymous contributors around the issue of Microsoft Windows 7 Home Premium for example, dubious sites such as "arstechnica", making all sorts of questionable claims B

Q: Does a trial version of Microsoft Window 7 Home Premium exists for Malaysian users? C

A: No.

Page 77, B referred

Q: Refer first result at top of page 77, B, "Can you download a Windows 7 Home Premium trial", what does the results say? D

A: It says "No there is no trial version of Windows 7 Home Premium" but while this sentence confirms my assertions I would not even rely on any if these results. I stand by my statement that there's no trial version. E

Q&A 32, page 14, P1 referred

Q: Summarize your Answer (ii)? F

A: The internet printouts have some content that suggests there's a trial version and it's free. If the Defendant can illegally download or install Microsoft Software onto computers then they must use a genuine copy and affix the accompanying Certificate of Authenticity (COA) on the computer. There's no authorization given in any agreement between Microsoft and the seller that states that it is a trial product or that there's a trial period. These words don't exist in any agreement between Microsoft and the Defendant in regard to this product. G

Q: You said genuine, do you mean licensed software? H

A: Yes.

Q: By licensed do you mean that the person who downloads the software must pay for it? I

A: To be precise, the person who installs the software on to the computer must pay for the license. That person in this case is the Defendant.

Page 81, B referred

Q: Article written by Woody Leonhard third paragraph, page 81, in your own words explain what this paragraph means in respect of copyright, licensing and paying for the license?

A: Essentially when someone installs a copy of a Microsoft Windows on a computer it must be licensed. Like the relevant license fee must be paid at that point in time. There will be then a requirement that the product is activated on line or by phone. As an anti-piracy measure this should be done immediately but because Microsoft recognizes not everyone has internet or phone access all the time, we've allowed a short period for this activation. This activation period unfortunately has been confused with a so-called free trial period.

Q: Is there a free trial period or grace period for the installation and user of the Microsoft Windows 7 Home Premium in the computer that was purchased from the Defendant?

A: No.

(see pages 20-21, Notes of Evidence)

[41] In view of the weight of evidence adduced by the plaintiff, I am unable to give any weight to the evidence adduced by the defendant in the form of the internet print-outs/D9 and I therefore dismiss the defendant's contention that he had not infringed the plaintiff's copyright in the work because he was entitled to use the trial version of it for free. It is curious to me for the defendant/SD1 to rely on the contents of the internet print-outs to support its contention when SD1, being in the business of selling computers for about ten years, could have easily verified the matter by logging into the Microsoft website itself. SD1, in resorting to depend on other websites and articles from the internet to support the defendant's contention, would appear to have purposely done so in order to find ways and means to circumvent the plaintiff's copyright in the hope it could "argue" its way out in an infringement action.

[42] Since I have found that the work installed into the PC by the defendant is not a trial version of it, it follows that, since the defendant had by hard-disc loading, installing, reproducing the work into the PC, the defendant had infringed the plaintiff's copyright and the fourth issue is thereby answered.

Perpetual Injunction

[43] The plaintiff's learned counsel submitted at length as to why this court ought to grant a perpetual injunction against the defendant under ss. 51(2), 52(3) of the Specific Relief Act 1950 ("Specific Relief Act"). I agree with his submission that based on the evidence, the defendant by selling PCs which were pre-installed with the plaintiff's computer programs without providing the original and licensed software package, especially the COA, had infringed and will continue to infringe the plaintiff's copyright in the whole or a substantial part of the work by reproducing in material form or distributing copies to the public without the licence or consent of the plaintiff, who is the copyright owner of the work. As the plaintiff is a well-known copyright owner of computer software, the infringement of the plaintiff's copyright in the work will cause irreparable and incalculable loss and damage to the plaintiff's business, reputation, goodwill and standing in the computer business in Malaysia. I also agree that due to the profitability of copyright infringement activities, the defendant will continue to infringe the plaintiff's copyright unless restrained by a court order. This can be seen from the testimony of DW1 when he confirmed the defendant's annual gross turnover/revenue to be RM700,000. The following is his testimony on this issue (p. 53, notes of evidence):

Q: Windows is an OS (Operating System)?

A: Yes.

Q: Do most computers that you sell regardless of brand contain the Window OS?

A: Yes.

Q: On average how many computers with Windows OS you sold for year 2012?

A: Not sure, about 400 units.

Q: How many units for 2011?

A: About the same.

Q: In 2007?

A: About the same.

Q: So on average 400 units a year in years 2007-2012 were sold?

A: Yes.

Q: What is your annual gross turnover/revenue from the sale of these 400 units?

A: About RM700,000.00 that is, about RM1,750.00 per unit.

[44] It was also submitted for the plaintiff that computer software piracy activities and infringement of copyright are rife and rampant in Malaysia and jeopardise the computer industry and the country's economy as a whole. Reference was made to the 2011 Business Software Alliance Global Software Piracy Study by SP1 (found on pp. 20-38, C), where it was reported that Malaysia was listed as the top 20 economies in commercial value of pirated PC software in 2011 which amounted to RM657 million. That in 2011, it was reported that the piracy rates in Malaysia was 55% (see Q&A 35-38, P1). Since there exists no standard for ascertaining the actual damage caused, or likely to be caused, by the copyright infringement pecuniary compensation would not afford adequate relief to the plaintiff, hence the injunction relief is sought.

[45] I agree with the plaintiff's submission and I therefore allow the injunctive relief sought by the plaintiff in respect of the work.

Exemplary Damages

[46] The plaintiff had prayed for aggravated and/or exemplary damages be awarded to the plaintiff. I am more inclined to award exemplary damages to plaintiff for the following reasons:

46.1. reference is made to the House of Lords case of *Rookes v. Barnard And Others* [1964] AC 1129, where it was held that exemplary damages could be awarded in cases (i) of oppressive, arbitrary or unconstitutional acts by government servants; (ii) where the defendant's conduct had been calculated by him to make a profit for himself

which might well exceed the compensation payable to the plaintiff; (iii) where expressly authorised by statute. The second category is applicable in this case;

46.2. it is obvious to me that the defendant had purposely infringed the plaintiff's copyright in the work in order to make a profit for itself. It is not too far fetched to say that since the defendant had readily sold the PC to SP2 with the infringed work hard disc-loaded into it, in all probability the defendant would have done the same infringing act many times before the material date and probably continue to do so thereafter;

46.3. the defendant, *vide* the testimony of SD1, had an annual gross turnover/revenue of RM700,000 for selling an average of 400 units of PC.;

46.4. in the words of Lord Devlin in *Rookes*' case, at p. 1221,

> Exemplary damages are essentially different from ordinary damages. The object of damages in the usual sense of the term is to compensate. The object of exemplary damages is to punish and deter …;

46.5. I therefore impose the sum of RM200,000 as exemplary damages payable by the defendant to the plaintiff.

Conclusion

[47] For the reasons stated above, I find that the plaintiff was successful in proving its case against the defendant on a balance of probabilities in respect of the work and the plaintiff's claim to that extent is allowed as follows:

47.1. prayer 18.1(a), (i), (iii), (iv), (v) in respect of the work only;

47.2. prayer 18.2, in respect of the work only;

47.3. prayer 18.3 (assessment of damages) in respect of the work only;

47.4. prayer 18.4 in respect of exemplary damages in the sum of RM200,000 payable by the defendant to the plaintiff;

A

47.5. prayer 18.5, interest at the rate of 5% on all sums payable from the date the writ of summons was filed until full realisation;

47.6. prayer 18.6, costs at RM50,000.

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